IN THE CHANCERY COURT FOR LEWIS COUNTY

AT HOHENWALD, TENNESSEE

IN RE: SENTINEL TRUST COMPANY	)))))

AFFIDAVIT OF R. CHIX MILLER

I, R. Chix Miller, first being duly sworn upon my oath, hereby depose and state as follows:

1.

My name is R. Chix Miller. I am over eighteen (18) years of age and otherwise competent to give testimony in this matter. The facts set forth in this Affidavit are true and based upon my personal knowledge.

2.

I am a lawyer, and I am currently a partner with the law firm of Sell & Melton, L.L.P. in Macon, Georgia. My primary area of practice involves serving as bond counsel for the issuance of tax-exempt and taxable bonds. I have been practicing in the area of bond law for more than twenty-two years.

3.

In January 2003, Sentinel Trust Company ("Sentinel") asked me to provide a legal opinion regarding the propriety of redeeming certain bonds originally issued to finance a project in Lynn Haven, Florida (the "Bond Redemption"). The opinion letter that I provided in connection with the Bond Redemption is attached hereto as Exhibit "A." The bonds were administered through a trust indenture, and Sentinel was appointed as the trustee. The bondholders were the beneficiaries of the trust.

4.

The trust indenture that governed the Bond Redemption allowed for the bonds to be redeemed prior to the maturity date. In order to do so, however, the obligor was required by a term in the trust indenture to place the funds to be used to redeem the bonds in trust with Sentinel for ninety days before the funds could be disbursed to the bondholders (the "Retention Provision").

5.

The purpose of the ninety-day Retention Provision was to prevent the repayment of the bondholders from being considered a "preference" under relevant bankruptcy law in the event that the bond obligor were to seek bankruptcy protection within ninety days after the repayment of the bondholders.

6.

With respect to the Bond Redemption, the fair market value of the project funded by the bond issuance exceeded the total amount owed to the bondholders. In addition, the monies to be used to effect the Bond Redemption were to come from a solvent, third-party banking institution. As a result, the Bond Redemption could not constitute a preference under relevant bankruptcy law. Thus, the Retention Provision was superfluous, as the danger that it was intended to protect against was absent. <u>See</u> Exhibit A.

7.

Due to the superfluous nature of the Retention Provision, we asked Sentinel, as the trustee, to waive the Retention Provision and allow the funds to be released to the bondholders immediately following the third-party bank's payment on behalf of the obligor of the funds into the trust. Sentinel, relying on my opinion, granted our request and waived the Retention Provision.

8.

I am familiar with the circumstances surrounding the West Street Associates' ("West Street") agreement in principle to purchase the Riverside Nursing Home (the "Facility") from Chamber Healthcare Society ("Chamber"), and Chamber's intent to use the proceeds from the sale to redeem the bonds (the "Riverside Bonds") secured by the Facility. It is my understanding that the fair market value of the Facility is approximately $6,500,000. It is also my understanding that the total amount necessary to redeem the bonds, including interest and administration fees, was $4,540,000 as of June 16, 2004, with interest accruing at the per diem rate of $1,229.63. <u>See</u> Letter from P. Williams to C. Miller, dated June 16, 2004, attached hereto as Exhibit "B."

9.

Because the fair market value of the Facility well exceeds the amount necessary to redeem the bonds, and because the source of the money being used to redeem the bonds is a solvent third-party bank, the redemption of the bonds will not constitute a preference under bankruptcy law. Thus, the purpose of the ninety-day Retention Provision in the indenture that governs the issuance of the Riverside Bonds is superfluous and can be waived without fear of the redemption being subsequently treated as a preference.

10.

On June 8, 2004, I spoke with Paul Williams, a representative of the receiver in the Sentinel receivership. I offered to provide to the receiver and to Sentinel an opinion letter virtually identical to the opinion letter attached hereto as Exhibit A. Mr. Williams refused to consider such an opinion letter. Rather, he insisted that any payoff amount would have to be deposited into and remain in trust for the ninety-day period.

Further, Affiant sayeth not.

R. Chix Miller

Sworn and subscribed
before me this 9th day
of July, 2004.

Angela B. Rollins

Notary Public
My commission expires:
Notary Public, Monroe County, Georgia
My Commission Expires June 17, 2008

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ED S. SELL, III
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January 16, 2003

VIA FACSIMILE AND U.S. MAIL

Sentinel Trust Company
Attention: James A. Skinner
8122 Sawyer Brown Road
Nashville, Tennessee 37221-1402

RE: $1,380,000 City of Lynn Haven, Florida 501(c)(3) Bonds (National Assistance Bureau, Inc. Project), Series 1988A (the "Bonds")

Dear Buddy:

Sentinel Trust Company has asked that we provide it with an opinion as to the propriety of redeeming the above-referenced Bonds on or about February 17, 2003, at par, in spite of the language that immediately precedes the optional redemption table in the Bond form included in that certain Trust Indenture (the "Indenture"), dated as of March 1, 1988, pursuant to which the Bonds were issued.

For purposes of this opinion we have assumed that the source of the monies to be used to redeem the Bonds is a third-party lender that is providing new funds for this purpose. In other words, the monies for this purpose are not coming from the general account of National Assistance Bureau, Inc. We have further assumed that the total amount to be paid on February 17, 2003, in order to redeem the Bonds does not exceed the fair market value of the "Project" defined in the Indenture.

Based upon the foregoing, under existing laws of the United States of America, we are of the opinion that the contemplated redemption will not constitute a preference for bankruptcy law purposes. Consequently, it is our opinion that the purpose of the preference language preceding the option redemption table is supported and satisfied by the above-described redemption.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from ownership of, receipt of interest on, or acquisition or disposition of the Bonds, and we have assumed, without making any investigation, that nothing has occurred since the issuance of the Bonds that would adversely affect the excludability from gross income under the federal income tax laws of the interest on the Bonds.

We have acted here as bond counsel for the sole purpose of rendering the opinions expressed herein. This opinion letter is limited in all respects to applicable federal law.

Sincerely,

SELL & MELTON, L.L.P.

R. Chix Miller, Esq.
A Partner

RCM/abr

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SENTINEL
TRUST COMPANY
8122 Sawyer Brown Road
Nashville, TN 37221-1402

Telephone: (615) 662-5129
(800) 825-6596
Telecopier: (615) 646-6513

June 16, 2004

Fax: 478-464-5382

R. Chix Miller
Sell & Melton, LLP
Fourteenth Floor
577 Mulberry Street
Macon, GA 31201

Re: Newton County Industrial Development Authority
Qualified 501 (c) (3) Bonds, Series 1989
(Health Scholarships, Inc. Project)

Dear Chix:

Outlined below is the calculation of the amount of funds that would be required to redeem all outstanding bonds on June 16, 2004. Interest accrues at a per diem rate of $1,229.63.

$4,540,000.00	– Outstanding bonds
166,000.56	– Interest to June 16, 2004
6,787.50	– Trustee administration fee
500.00	– Estimated expenses
$4,713,288.06	– Total amount due

The Indenture dated as of August 1, 1989 requires the Trustee to give at least thirty (30) days notice of redemption to all bondholders and requires the Borrower to deposit with the Trustee sufficient funds to pay the redemption price at least ninety (90) days prior to the giving of such notice to bondholders. In addition, any funds on deposit with the Trustee prior to May 18, 2004 cannot be used at this time to pay any part of the redemption price.

Please call me, if you have any questions.

Sincerely,

Paul Williams
Executive Vice President
615-662-5129, ext. 17

cc: Jeanne Barnes Bryant, Receiver